

## Message Text

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73

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 OMB-01 AGR-05 SWF-01 FEA-01 INT-05 OES-03 L-02

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R 032150Z DEC 74

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 6956

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY MEXICO

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGWJPA

AMEMBASSY CARACAS

C O N F I D E N T I A L SAN SALVADOR 4772

E.O. 11652 - GDS

TAGS: PFOR, OCON, VE, ES

SUBJ: MEETING OF CENTRAL AMERICAN PRESIDENTS IN CARACAS

DECEMBER 13-14

REF: CARACAS 11637; 11670;

1. A CALL BY THE AMBASSADOR AND ECONOFF ON FOREIGN RELATIONS UNDERSECRETARY DR RICARDO CASTANEDA DEC 3, PROVIDED AN OPPORTUNITY QUERY HIM CONCERNING THE INTENT AND PROSPECTS OF THE SCHEDULED MEETING OF CA PRESIDENTS IN CARACAS DEC 13 AND 14. CASTANEDA PERMITTED US TO READ THE GOV TELEGRAM INVITATION. IT CONVEYED THE FOLLOWING PROPOSED AGENDA (IN SUBSTANCE): 1) THE GOV COFFEE FINANCING PROGRAM FOR RETENTION STOCKS; 2) THE MEANS OF PAYMENT OF PETROLEUM IMPORTS; 3) FINANCIAL COOPERATION WITH REGIONAL INSTITUTIONS; 4) SPECIAL CONSIDERATION FOR HONDURAS; AND 5) CONSIDERATIONF BILATERAL PROJECTS.

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2. MUCH IS ALREADY KNOWN ABOUT ITEM "1" AND IN THAT REGARD IT HAS ALSO BEEN REPORTED THAT HONDURAS IS EXEMPT FROM THE COFFEE RETENTION UNDERTAKING. ITEM "2" CONTAINS THE GGATEST#UNKNOWN. WHETHER IT IMPLIES POSSIBLE PREFERENTIAL OIL PRICING BY THE GOV, A POSITION HERETOFORE REJECTED, TO EASE THE IMPORT BILL, IS UNKNOWN TO US. ITEM "3" MOST LIKELY WILL FOCUS ON POSSIBLE GOV LOANS TO CABEI AND ITEM "5" SHOULD BUILD ON PRIOR DISCUSSIONS BY INDIVIDUAL CA COUNTRY VISITS TO CARACAS WHERE SUPPLEMENTARY FINANCING WAS SOUGHT ESPECIALLY TO COVER OVERRUN COSTS ON IFI-FINANCED COUNTRY PROJECTS. BUT IT COULD ALSO INCLUDE DISCUSSION OF JOINT-VENTURES IN INDUSTRIAL PROJECTS.

3. CASTANEDA SAID MINISTERIAL-LEVEL DELEGATIONS WILL MEET IN CARACAS PERHAPS AS MUCH AS A WEEK IN ADVANCE OF THE PRESIDENTIAL MEETING. THE SALVADORAN DELEGATION WILL INCLUDE FOREIGN MINISTER ING. MAURICIO BORGONOVO POHL, ECONOMY MINISTER DR. GUILLERMO HIDALGO QUEHL AND EXECUTIVE SECRETARY OF THE PLANNING COUNCIL (CONAPLAN) LIC. ATILIO VIEYTEZ.

4. IN THE COURSE OF A RELAXED AND RATHER COMPREHENSIVE DISCUSSION OF THE PETROLEUM CRISIS AND WHAT CORRECTIVE TOOLS MIGHT BE AVAILABLE TO LDC'S LIKE EL SALVADOR, IT BECAME CLEAR CASTANEDA ENTERTAINED LITTLE OPTIMISM FOR RELIEF OF A DIRECT NATURE, I.E. PRICE REDUCTION. WE RECEIVED THE IMPRESSION THE GOES WOULD SEEK, MORE REALISTICALLY, FINANCIAL ASSISTANCE TO COMPENSATE PARTIALLY FOR THE CRISIS, WHETHER BY DIRECT BALANCE OF PAYMENTS LOANS OR INDIRECT RELIEF THROUGH PROJECT INVESTMENTS AND CABEI FINANCING. THERE WAS NO INDICATION THAT A CA POSITION HAD BEEN FORMED TOWARD THE MEETING. THE AMBASSADOR PLANS TO PURSUE THAT ASPECT WHEN HE DISCUSSES WITH MINISTER BORGONOVO THE DEC 1, MANAGUA MEETING.  
CAMPBELL

NOTE BY OC/T: # AS RECEIVED.

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## Message Attributes

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**Decaption Date:** 01 JAN 1960  
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**TAGS:** PFOR, OCON, VE, ES, XK  
**To:** STATE  
**Type:** TE  
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